

# UNREALIZED CAPITAL IN TAIL-END FUNDS UPDATE

We take a look at the number of tail-end private equity funds and the amount of capital still locked in these funds as of June 2016.

The amount of unrealized capital in mature vehicles continues to provide opportunities for the secondary market. The growth in fund restructurings and recapitalizations seen in recent years is set to continue, with GPs utilizing the secondary market to create exit options for LPs in mature vehicles.

As at June 2016, 2,465 buyout, venture capital and growth funds of 10 years or older were still active - i.e. with residual

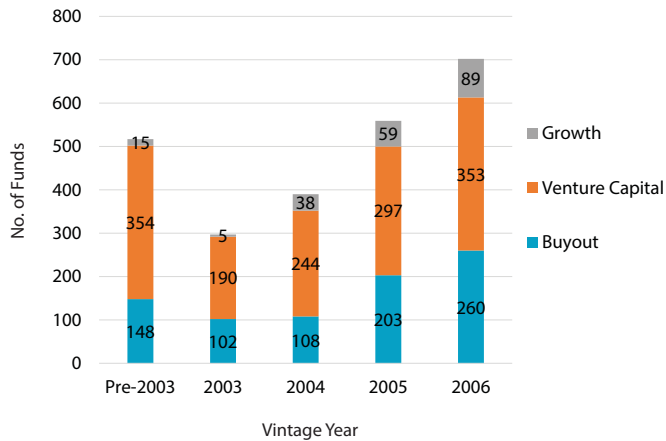
value in investments yet to be exited (Fig. 1). Venture capital funds accounted for over half (58%) of this number. In total, these 2,465 funds had almost \$200bn in unrealized assets, with the majority (65%) of this capital concentrated in vintage 2006 vehicles, as shown in Fig. 2.

Managers that have not raised capital recently are under particular pressure to find a solution for assets in their mature vehicles, as a reliance on mature funds

for management fees can invoke a misalignment of interests between GPs and LPs.

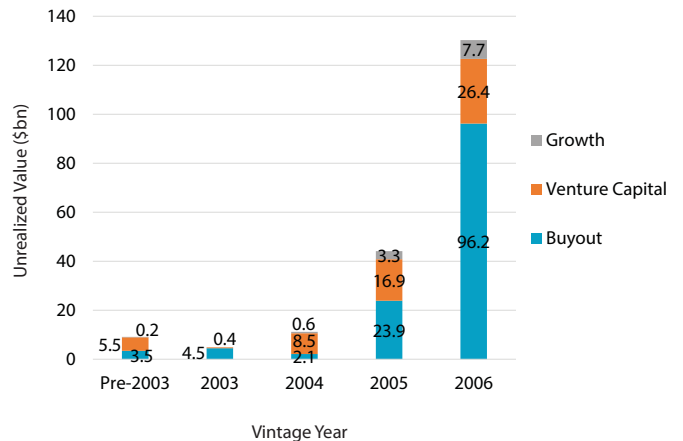
As of June 2016, there were 609 buyout, venture capital and growth vehicles of 10 years or older being managed by a GP whose latest vehicle is no older than vintage 2009, which suggests difficulty in raising new capital (Fig. 3). These funds collectively have an unrealized value of \$31bn (Fig. 4).

**Fig. 1: Number of Active 2006 and Older Vintage Funds by Fund Type (As at June 2016)**



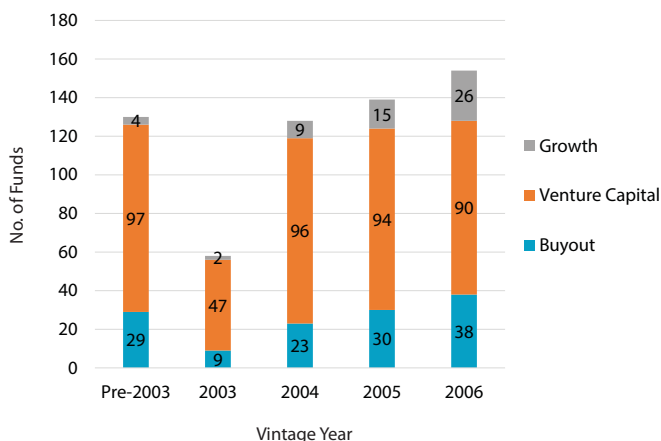
Source: Preqin Private Equity Online

**Fig. 2: Aggregate Unrealized Value in 2006 and Older Vintage Funds by Type (As at June 2016)**



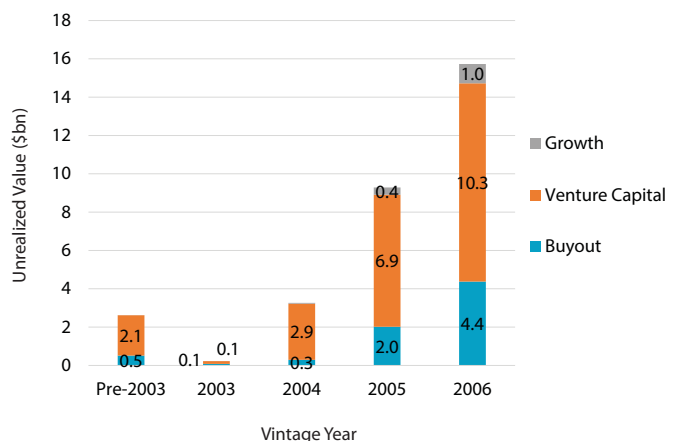
Source: Preqin Private Equity Online

**Fig. 3: Number of Active 2006 and Older Vintage Funds Managed by a GP that Has Not Raised a Fund since 2009 by Type (As at June 2016)**



Source: Preqin Secondary Market Monitor

**Fig. 4: Aggregate Unrealized Value in 2006 and Older Vintage Funds Managed by a GP that Has Not Raised a Fund since 2009 by Type (As at June 2016)**



Source: Preqin Secondary Market Monitor and Private Equity Online